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GENERAL

1. US support for Libyan independence urged--US Ambassador Douglas in London reports that British Foreign Office officials generally favor early independence for Italy's former colony of Libya, but are apprehensive of the effect such a solution would have on Anglo-French relations as well as on French North Africa. Douglas believes the US faces the same dilemma, but points out that: (a) by opposing Libyan aspirations for independence the US might create a situation which would seriously prejudice the continued enjoyment of vitally important strategic facilities there; (b) if the US supports the French in delaying Libyan independence, the large bloc of states stretching from the East Mediterranean to the Philippines would accuse the US of sacrificing principle to political expediency; and (c) there is no assurance that agreement to delay Libyan independence would induce the French to speed the introduction of basic reforms in French North Africa. Douglas points out that the US views on French North Africa are known to the French, while the British have pursued a "hands off" policy. Douglas therefore recommends that the US approach the French emphasizing that early independence for Libya "represents the reality of the situation" and that the French should take immediate and effective steps leading to greater self-government in French North Africa.
2. Italian views on trade with Yugoslavia---Foreign Minister Sforza has informed US Ambassador Dunn in Rome that he is most anxious to conclude the economic agreement with Yugoslavia (negotiations were suspended by Italy following the establishment of the Yugoslav dinar in the Yugoslav Zone of Trieste). Sforza maintained, however, that in order to allay Italian public opinion and permit him to sign the accord he needed some public declaration from Tito emphasizing Yugoslavia's friendly intentions toward Italy.

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